

**STATEMENT OF PROCEEDINGS FOR THE REGULAR MEETING OF THE
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA 90640**

Wednesday, June 5, 2013

8:15 a.m.

AUDIO LINK FOR THE ENTIRE MEETING (13-2845)

Attachments: [Audio](#)

I. CALL TO ORDER

Chair Bruckner called the meeting to order at 8:19 a.m.

II. ROLL CALL

Ivonne Evelyn Umana, Oversight Board Staff, called the roll:

Present: **Board Members Edgar Cisneros (Arrived at 8:20 a.m.),
Denise Hagopian, Megan Moret (Arrived at 8:24 a.m.),
Cheryl A. Plotkin, Vice Chair Ernesto Hidalgo and
Chair Richard Bruckner.**

Vacancies: **Community College Appointee**

III. STAFF COMMUNICATIONS

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

There were none.

IV. ADMINISTRATIVE MATTERS

- 1. Recommendation: Approve the minutes for March 6, 2013. (13-2604)**

By Common Consent, there being no objection (Board Members Cisneros and Moret being absent), the Board approved the March 6, 2013 Minutes.

Attachments: [March 6, 2013](#)

VI. DISCUSSION ITEMS

2. Successor Agency staff update on discussion with the Department of Finance. (13-2636)

Christopher Cardinale, Successor Agency Legal Counsel provided an update on the following three items:

- a. **Ara Sevacherian et al. v. Community Redevelopment Agency of the City of Montebello** was over the breach of contract action previously filed against the former Redevelopment Agency (RDA). Due to the dissolution of the RDA, the lawsuit was passed onto the Successor Agency. On February 21, 2013, the Oversight Board adopted “A Resolution of the City of Montebello Oversight Board Ratifying the Approval and Executive of a Settlement Agreement.” The Department of Finance received and approved the settlement. In addition, the DOF also determined the settlement agreement as an enforceable obligation and listed on future Recognized Obligation Payment Schedule (ROPS). It was also reported that per the terms left within the settlement agreement, the Successor Agency is to seek a Final and Conclusive Enforceable Obligation Determination from the DOF, reinforcing that the DOF will recognize the settlement agreement in the future. The Successor Agency is waiting on a response from the DOF on the determination, and does not foresee a problem.
- b. **Recognized Obligation Payment Schedule (ROPS) 13-14A for the period of July 1, 2013 - June 31, 2013:** The ROPS 13-14A was approved by the Oversight Board on February 21, 2013, and submitted to the DOF shortly thereafter for its review and determination. The DOF reviewed the ROPS 13-14A, and in its initial determination made a prior period adjustment of approximately \$1.1 million. The Oversight Board was reminded that part of the ROPS process requires the Successor Agency to report past obligations, and adjust future real property tax allocations that are well over and above allocations. The Auditor-Controller had audited the past allocations from the ROPS 2 and recommended an adjustment of \$1.1 million. The Successor Agency requested a “Meet and Confer,” and the outcome from the discussion with DOF was reducing the sum to \$46,000, and all items on the ROPS were approved.
- c. **All Other Funds Due Diligence Review (DDR):** The DOF review the DDR, and its initial determination was a denial of approximately \$7.4 million of transfers from the former RDA to the City of Montebello between January 1, 2011 and February 1, 2012. The Successor Agency had a “Meet and Confer,” and on Wednesday, May 29, 2013, the Successor Agency received a revised determination, which reflected a denial

amount of \$4.2 million. Though the revised amount was a significant reduction, there is still a significant amount being denied. The Successor Agency staff is waiting direction from the City Council on how to address the issue, and the Successor Agency will apprise the Board on the City Council's recommendation.

Anna Arriola, member of the public, addressed the Board informing that Ms. Arriola has not received the agenda nor any attachments in a timely matter, and requested the Oversight Board to provide a CD of the recorded meeting.

By Common Consent, there being no objection (Community College Appointee being absent), the Board accepted Mr. Cardinales' report.

3. Discussion on the Taylor Ranch Property history, including title report and copy of benefactors instructions, as requested by Board Member Hagopian at the meeting of March 6, 2013. (13-2644)

Michael Huntley, Director of Planning and Community Development, presented a verbal report on the history of the Taylor Ranch Property, and provided a copy of the Grant Deed and a Policy of Title Insurance to the Oversight Board. Mr. Huntley informed that the Grant Deed dated April 20, 1972, indicates that the City of Montebello purchased the Taylor Ranch Property from the Taylor Family. Mr. Huntley added that subsequent to the transfer, the Successor Agency Staff identified that the property was transferred from the City of Montebello to the Montebello Redevelopment Agency (RDA) in 1978; however, the Grant Deed document does not reflect that the RDA has ownership of the asset. Mr. Huntley indicated that the Successor Agency staff would continue investigative research on the property to determine whether the property is owned by the City of Montebello or the RDA.

Board Member Hagopian suggested that the Successor Agency contact the Historical Society to assist in locating additional documentation, specifically the "Will and Testament" of the Taylor Family; and recommended the project not move forward until property ownership has been identified.

Board Member Hagopian furthered inquired whether a full accounting has been done on the property to determine the amount of funds spent and amount remaining, and if the money was safe from the State.

Francesca Tucker-Schuyler, City Administrator, responded that accounting has been done, and noted that approximately \$4.6 million remained. Ms. Tucker-Schuyler also addressed the latter question by replying that the bond proceed funds was set aside in the agency Local Agency Investment Fund account; however, could not guarantee that the money is safe from the State. Chair Bruckner also added that once the Long Range Property Management Plan (LRPMP) has been reviewed and approved by the DOF, the Successor Agency is then eligible to spend the bond proceeds. Mark Huebsch, Oversight Board Legal Counsel, also clarified that the Successor Agency must receive the Finding of Completion prior to the LRPMP.

Board Member Hagopian inquired if the original \$7.0 million bond funds allocated to Taylor Ranch was specifically spent on Taylor Ranch property. Michael Huntley informed that the \$7.0 million was spent on multiple projects: Taylor Ranch Cultural Art Center, which was earmarked at \$3.0 million; street improvements within the Montebello Hills area; and resurfacing streets on various areas in the City of Montebello.

Anna Arriola, member of the public, expressed concerns on how the bonds are being spent pertaining to the Taylor Ranch, and not comingle funds with other projects. Ms. Arriola also addressed if the bond was to fund the oil wells, and emphasized the importance to having a Community Art Center for the Montebello residents.

Board Member Hagopian referred to a prior report that reflected that in 2007 the property transferred, and requested additional documentation supporting that finding. Mr. Huntley clarified that the property was transferred in 1978, and documentation will be provided with the LRPMP. Mr. Huebsch commented that the record title shows a deed to the City with nothing noting the former Redevelopment Agency and suggested that the research also include what happened to the property, how the property was listed, and if it is within the jurisdiction of the former Redevelopment Agency, creating a timeline of events on the Taylor Ranch Property.

Vice Chair Hidalgo addressed Ms. Arriola's suggestion pertaining to the oil wells, and inquired if any oil wells were capped as part of the activities that were conducted in the recent years with the bond proceeds, and whether the Successor Agency has researched other potential funding at the State or Federal level that can offset in capping those funds. Mr. Huntley noted that bond proceeds were used in doing necessary excavation, and explained that the Successor Agency staff has not identified any other sources of funding, but would look into available funding at the federal and/or State level.

Board Member Cisneros requested clarification as to whether the oil wells were located on the Taylor Ranch property. Michael Huntley confirmed that the oil wells are located on the said property.

By Common Consent, there being no objection (Community College Appointee being absent), the Board accepted Mr. Huntley's report; and requested the Successor Agency staff to identify funding at the federal and/or State level to offset capping funds as it pertains to oil wells.

Attachments: [Taylor Ranch Property Documents](#)

4. Discussion on the San Gabriel Valley Tribune article "Montebello Oversight Board approves \$1.4 million settlement to auto dealer who lost two suits" dated April 23, 2013," as requested by Board Member Hagopian. (13-2608)

Board Member Hagopian had concerns on the article's accuracy, and if there was a rebuttal prepared clarifying the Oversight Board's position in the matter.

Christopher Cardinale, Successor Agency Legal Counsel, provided a brief history leading up to the recent settlement agreement with Ara Sevacherian, affirming that the settlement agreement was approved by both the Oversight Board and the Department of Finance (DOF). Mr. Cardinale commented that he had read the article from the San Gabriel Valley Tribune and noted that the article had inaccurate information.

Board Member Hagopian questioned why the Successor Agency did not rebut the article as she received many complaints, concerns and questions from the public. Francesca Tucker-Schuyler, City Administrator, responded that the Successor Agency has no control over what is written in news articles.

Board Member Cisneros also expressed his displeasure as he too encountered questions from the public, and emphasized the importance of keeping up to date with the news as it relates to the Successor Agency and the Oversight Board. Board Member Cisneros inquired whether any Successor Agency staff was contacted by the paper for information. Ms. Tucker-Schuyler informed the Oversight Board that she was not aware of anyone who was contacted. Board Member Hagopian made reference to the article where Michael Huntley, Director of Planning and Community Development, was quoted.

Vice Chair Hidalgo also voice his displeasure of the article, and quoted the following from the article:

“It’s beyond my comprehension,” Molinari said. “When you lose both lawsuits, why they decided to give him \$1.4 million, I think it’s political accommodation. There was no legal basis for it. He got a windfall he wasn’t entitled to at the taxpayers’ expense.”

With reference to this quotation cited in the article, Vice Chair Hidalgo indicated that this comment does not specify who it is directed to; therefore, allowing for misconceptions.”

Vice Chair Hidalgo further commented that the article is misleading to think that the Oversight Board makes the ‘political accommodation,’ and failed to mention the Successor Agency’s role into the settlement agreement leading to misperception of the facts that occurred: overall the article reflects poor journalism.

Board Member Cisneros suggested implementing a protocol in handling reporters. Ms. Tucker-Schuyler recommended that the Chair and Vice Chair of the Oversight Board would be immediately notified when the Successor Agency is approached by journalists.

Anna Arriola, member of the public, addressed that all news surrounding Montebello should be printed in the newspapers, and expressed concerns of inaccurate of facts.

By Common Consent, there being no objection (Community College Appointee being absent), the Board received and filed the article from The San Gabriel Valley Tribune entitled, “Montebello Oversight Board approves \$1.4 million settlement to auto dealer who lost two suits” dated April 23, 2013.

Attachments: [Article](#)

VII. MISCELLANEOUS

5. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (13-2639)

Chair Bruckner addressed the meeting of July 3, 2013, and suggested that the meeting be either cancelled or rescheduled to later in the month of July 2013. During discussion, it was determined that a Special Meeting would not be necessary, and there was a consensus amongst the Oversight Board to cancel the regular meeting of July 3, 2013.

On motion of Vice Chair Hidalgo, seconded by Board Member Plotkin, duly carried by the following vote, the Board cancelled the regular meeting of July 3, 2013:

Ayes: 6 - Board Members Cisneros, Hagopian, Moret, Plotkin, Chair Bruckner and Vice Chair Hidalgo

Vacancies: 1 - Community College Appointee

6. Public Comment. (13-2641)

There were none.

7. Adjournment (13-2642)

The meeting adjourned at 9:13 a.m. The meeting of July 3, 2013 was cancelled. The next regular meeting is scheduled for Wednesday, August 7, 2013 at 8:15 a.m.